STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Power Company d/b/a AmerenIP	:	
Petition for a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Illinois Public Utilities Act to Construct, Operate and Maintain a New 138,000 Volt Electric Line in Champaign County, Illinois.	:	**06-0083**

ORDER

By the Commission:

On January 27, 2006, Illinois Power Company d/b/a AmerenIP ("IP") filed with the Illinois Commerce Commission ("Commission") a petition seeking a Certificate of Public Convenience and Necessity authorizing it to construct, operate, and maintain a new 138 kilovolt ("kV") electric line (the "Transmission Line") in Champaign County, Illinois, pursuant to Section 8-406 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq. IP states that the proposed Transmission Line is necessary for it to provide adequate, reliable, and efficient service to customers in the Champaign area, as growth in the area will place some electric system components at or near capacity by summer 2006. IP further states that the Transmission Line represents the least cost alternative, impacts few residences, is suited to ensuring system reliability, and provides for expansion to meet future load growth.

Pursuant to due notice, an evidentiary hearing was held on April 26, 2006, before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois. IP, appearing with counsel, presented its testimony and exhibits in support of the petition. Commission Staff ("Staff"), appearing with counsel, also appeared and presented testimony. No one petitioned to intervene.

IP presented the testimony of four witnesses in support of its petition: Martin Hipple, Ameren Service Company's ("AMS") Supervising Engineer of Distribution System Planning in the Electric Planning Department; Roger Nelson, AMS' Real Estate Supervisor for the northern territories; Jerry Murbarger, AMS' Transmission Design Specialist in the Transmission Line Design Department; and Harry Chamblin, AMS' Senior Environmental Scientist in the Environmental, Safety, and Health Department.

Mr. Hipple's primary responsibility is to oversee IP's electric distribution system planning activities, including directing, reviewing, and performing customer load addition

evaluations, generation interconnection studies, and studies to develop long-range system plans. The majority of Mr. Hipple's testimony focused on the reinforcement needs of the Champaign area and the proposed plan to meet those needs. He testified that growth in the Champaign area has been approximately two percent per year and expectations are for area growth to continue at this rate. However, the north and west regions are experiencing growth at about double this rate. Absent reinforcement, he fears that IP's system could experience overloads in the near future. IP studied the load on the major components of the present system serving the Champaign area and found that under certain contingency conditions overloads could occur as soon as summer 2006. The contingencies include overloading of the North Champaign transformer #3 and heavy loading of the Sidney to Mira 138 kV tap during an outage of 138 kV Line 1312 between Sidney and Southwest Campus Substations; and heavy loading at Southwest Campus transformer #1, resulting from an outage of 138 kV Line 1386.

According to Mr. Hipple, the proposed Transmission Line, and upgrade of the Bondville Substation to include a new 138/69 kV bulk supply transformer, will alleviate these conditions by reducing loading on the North Champaign #3 and Southwest Campus #1 transformers; providing 69 kV voltage support; and becoming the source for a new 69/12 kV distribution transformer to be installed in the Bondville Substation. The new distribution transformer, Mr. Hipple continues, will off-load existing loads at the Bradley, Kirby, and Windsor distribution substations, creating increased capacity to serve growing loads and providing more reserve capabilities during outage conditions. To the extent the work is not completed by the projected date of June 2006, IP has taken steps, including outlining an operating guide, to mitigate an overload of North Champaign transformer #3. IP is moving forward with plans to install the 69/12 transformer at Bondville Substation and construct the distribution feeders to off-load the Circuit 811 and Kirby transformer facilities this summer. Although this will address the distribution substation and feeder loading concerns, the 138 kV source to the Bondville Substation is still needed to support the 69 kV system during contingency conditions.

Mr. Hipple testified that IP considered as alternatives options centered around mitigation of the line outage causing the overload of North Champaign transformer #3, which involve running a second source to the Southwest Campus Substation in order to keep this source available during the Line 1312 outage; increasing the size of the North Champaign #3 transformer; locating a new bulk supply transformer in the area to provide increased load sharing capabilities which will reduce the load on North Champaign transformer #3 by transferring Monticello loads to the source at N. Decatur and utilizing University of Illinois resources. He concluded that the proposed Transmission Line represents the least cost alternative, impacts fewer residences, is more suited to ensuring system reliability, and provides for expansion to meet future load growth. With regard to cost, Mr. Hipple also testified that the construction of the line will be internally financed by IP. He explained that the funds for the project are part of IP's five year capital budget forecast.

Mr. Nelson is responsible for all real estate matters in the northern portion of IP's service area. His testimony provides information regarding the property rights obtained

to construct the Transmission Line, notification to landowners, IP's plans for addressing construction damages, if any, and the notification of government agencies regarding the project. According to Mr. Nelson, the right of way for the proposed route was secured in the early 1970's, at which time eight easements were obtained for this section between Bondville and Rising Substations. Landowners were compensated in compliance with Illinois Power Company's guidelines at the time the easements were secured. It is IP's intent to adjust the amount of these payments to present day values if appropriate and if additional payments are required pursuant to the easement documents. IP will be responsible for the restoration of property and for damages inflicted, including damage to drainage tile, fences, soil, or any other property of landowners and tenants, according to Mr. Nelson. In addition, damages for crop loss will be paid by IP to owners of damaged crops.

Mr. Nelson testified that IP has informed the appropriate agencies of the proposed project. IP is currently working with the Department of Agriculture on a mitigation agreement concerning restoration and farmland preservation issues. The United States Army Corps of Engineers ("USACE") and Illinois Department of Transportation have indicated no permits are necessary. IP is currently awaiting responses from the following agencies: Illinois Department of Natural Resources ("IDNR") with respect to storm water permitting approvals, and the Illinois Environmental Protection Agency ("IEPA") and USACE with respect to pre-construction notices. Mr. Nelson also testified that the landowners were notified by letter in November 2005 regarding the project, and were provided a copy of the original easement.

Mr. Murbarger is primarily responsible for designing transmission line projects for the utilities, which includes selection of line routes that balance project cost effectiveness and environmental impact, ensuring line design meets National Electrical Safety Code requirements; preparing project cost estimates; and managing actual project construction costs. The purpose of his testimony, among other things, is to explain the route chosen, to describe the design, and to discuss alternatives considered. Mr. Murbarger described the proposed route as a new transmission line starting at the IP Rising Substation and ending at the Bondville Substation. The line crosses Interstate 72 and Illinois State Highway 10, as well as County Roads 1900N, 1800N, and 1700N. The line also crosses the Canadian National Railroad tracks near the Bondville Substation. He states that the line itself will be a 138 kV, three phase, multigrounded, overhead transmission line that is approximately 3.25 miles in length. The conductor will be T-2 – 477 KCM 30/7 ACSR and will be supported by IP's standard brace line post insulator vertical type construction. The shield wire will be an OPT-GW cable with 24 single fiber optic wires. The fiber optic shield will be used for substation communication purposes. Mr. Murbarger testified these facilities and related construction are consistent with industry-wide standards. He also described the two alternate routes considered by IP and maintained that the proposed route is the lowest cost and will affect the fewest number of property owners.

Mr. Murbarger testified as to the method by which the project will be managed and the total estimated cost. AMS will supervise the entire project and will use

contractors for construction. The contractors involved will be managed by field inspection and construction review provided by AMS. The total estimated cost of the proposed Transmission Line is $1,186,250 with no right-of-way acquisition costs.

Mr. Chamblin's primary responsibilities include development and implementation of environmental compliance strategies for AMS operations as they relate to existing and proposed environmental regulations. The purpose of Mr. Chamblin's testimony is to provide appropriate documentation and explain that applicable environmental regulatory requirements pertaining to this project have been met by AMS and/or IP, or are otherwise anticipated to be met. He testified that all appropriate environmental agencies were contacted and responses were received from all, except IEPA and USACE, either issuing a permit, or indicating that no approval was necessary. He also stated that the Illinois Historic Preservation Agency had indicated there would be no significant impact on aviation, historically or archaeologically significant property.

Staff presented the testimony of James Spencer, Senior Electrical Engineer in the Engineering Program of the Energy Division of the Commission's Public Utilities Bureau and the affidavit of Phil Hardas, Senior Financial Analyst in the Finance Department of the Financial Analysis Division of the Public Utilities Bureau.

Mr. Spencer's primary responsibilities and duties are to analyze and monitor reliability performance and planning of the regulated electric utilities serving customers in Illinois. The purpose of his testimony is to review the evidence presented by IP and to offer his opinion with respect to whether or not IP should be granted the certificate it is seeking. In doing so, he focused on the first two criteria of Section 8-406: whether the proposed Transmission Line is necessary to provide adequate, reliable, and efficient service, and is the least-cost means to satisfy the service needs of IP's customers; and whether IP is capable of efficiently managing and supervising the Transmission Line's construction and has taken sufficient action to ensure adequate and efficient construction and supervision.

Mr. Spencer reviewed IP's petition and the testimony and exhibits of its witnesses, inspected the proposed and alternative routes, and IP's responses to related data requests. He found that IP has adequately supported its need to have the Transmission Line in service by summer 2006. Specifically, he agreed that the project is needed to relieve an overload of IP's North Champaign 138/69 kV Transformer #3 during a first contingency outage condition in years 2006 and 2009 and to provide voltage support to 34 kV loads fed from the Monticello Transformer #1. Mr. Spencer inspected the proposed route and the alternative routes and found the route proposed by IP to be the best route and, considering all factors, is likely to be the least-cost route. He concluded that IP's preferred route is the appropriate choice and recommended that the Commission grant IP's petition.

Mr. Hardas addressed the requirement of Section 8-406(b)(3) regarding the financial consequences of the proposed construction. He found that the cost of construction to IP is diminutive in relation to its financial resources. He recommended

that the Commission find that IP is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

Section 8-406(b) of the Act requires that a utility make the following demonstration before being granted a Certificate of Public Convenience and Necessity: (1) that the proposed construction is necessary to provide adequate, reliable and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

IP has presented evidence establishing each of these requirements. IP has demonstrated that in the Champaign area, several components of its 138 kV transmission system are likely to become overloaded in the near future. The proposed Transmission Line is, therefore, necessary to create a new source of 138 kV supply to the area, offloading the transformers that would otherwise become overloaded, and supplying the 138 kV lines. This will allow IP to continue to provide adequate, efficient, and reliable service to this area of its territory. The Commission finds that the proposed substation will serve the public convenience and necessity.

IP also presented persuasive evidence that the proposed facilities are the least-cost means of reinforcing the electric supply to relieve the transmission constraints identified. The proposed substation site is also reasonable. IP proposes to construct the Transmission Line on easements owned since the early 1970's. Moreover, the proposed site will not impact wetlands, aviation, or archaeological resources. IP also stated in its petition that it is currently working with the Department of Agriculture on a mitigation agreement which will address any agricultural issues. The Commission also understands that the funds for construction of the project will be provided by internal financing as part of IP's construction program. Thus, IP is capable of financing the construction of the line without adverse financial consequences for IP or its customers. Finally, the record demonstrates IP is capable of efficiently managing and supervising the construction of the facilities.

For these reasons, the Commission is of the opinion and finds that IP should be granted a Certificate of Public Convenience and Necessity authorizing the described construction.

The Commission, having examined the entire record herein, and being fully advised in the premise, is of the opinion and finds that:

(1) IP is an Illinois corporation engaged in the business of furnishing electric service in the State of Illinois and is a public utility within the meaning of Section 3-105 of the Act;

(2) the Commission has jurisdiction over IP and the subject matter herein;

(3) IP proposes to construct, operate, and maintain a new electric transmission line together with such related facilities, to secure adequate, efficient, and reliable service in the Champaign County, Illinois area as shown on AmerenIP Exhibit 2.1 and corrected AmerenIP Exhibit 2.2;

(4) the recitals of fact and conclusions of law reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law for purposes of this Order;

(5) the proposed construction is being undertaken to reinforce IP's bulk power transmission capacity within its service territory;

(6) the proposed project is the best and the least-cost means of constructing the facilities; and

(7) IP has demonstrated those elements necessary to be granted a Certificate of Public Convenience and Necessity authorizing the construction of the new facilities.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Illinois Power Company d/b/a AmerenIP's petition seeking a Certificate of Public Convenience and Necessity be and is hereby granted; said certificate shall read as:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity require: (1) construction, operation, and maintenance by Illinois Power Company d/b/a AmerenIP of a transmission line as described in the record in Docket No. 06-0083, together with such related facilities, ties to adjacent transmission lines, or repairs, as are or may become reasonably necessary to promote the public convenience and necessity and to secure adequate service; and (2) the transaction of an electric public utility business in connection therewith, all as herein before set forth.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Act and 83 Illinois Administrative Code 200.880, this Order is final and is not subject to the Administrative Review Law.

By Order of the Commission this 28th day of June, 2006.

(SIGNED) CHARLES E. BOX

Chairman